

DEPARTMENT OF INFORMATION RESOURCES
Open Board Meeting
February 9, 2012
9:30 a.m.
300 W. 15th Street, Room 103
William P. Clements Building
Austin, Texas 78701

CALL TO ORDER: Board Chair Charles Bacarisse called the meeting to order at 9:35 a.m.

I. ROLL CALL AND WITNESS REGISTRATION: Board Secretary, Mary Beth Burnside, called the roll.

Members present:

Chairman Charles Bacarisse
Ramon Baez
Rosemary Martinez
Richard Moore
Keith Morrow
Wanda Rohm
Bobby Halfmann – Ex-Officio
Karen Phillips – Ex-Officio

II. Approve minutes from August 25, 2011, Board meeting

A motion to approve the minutes of the August 25, 2011, DIR Board Meeting was made by Mr. Baez and seconded by Mr. Moore. Motion carried unanimously.

At 9:40 am. Chairman Bacarisse announced that the Board would recess the open portion of the meeting to go into executive session pursuant to Section 551.071, Government Code, to consult with its attorney and pursuant to Section 551.089, Government Code, to deliberate certain information technology security-related matters. At 10:32 a.m. Chairman Bacarisse called the meeting to order again and announced that a quorum was present. Chairman Bacarisse stated that while in executive session the Board did not vote, take any final action or make any decision.

III. Executive Director's Report

Ms. Karen Robinson began her presentation and discussed agency staffing changes. The ICT and Data Center Services teams will report directly to the Office of the Chief Operating Officer, Carl Marsh. DIR has recently been awarded (again) an award from the State Employee Charitable Campaign for the highest per capita gift for an agency with 101-200 employees, with our donation of \$19,000. Angel Cruz has joined the DIR staff as Chief Information Security Officer, also serving as the State's Information Security Officer. Ms. Robinson gave an update on the SB 988 Council, the SISAC (Statewide Information Security Advisory Council), the Senate Economic Development Committee hearing, and the security assessment program. Ms. Robinson announced that DIR has completed the reprocurement of all data center services. She welcomed Paul Dorin, Account Executive, ACS; Mark Stein, Account Executive, Capgemini, and Mike Masters, Xerox. Our Transition Project Management Office (PMO) is

responsible for coordinating all activities to transition all services from IBM to our new service providers. The Texas.Gov program has contributed over \$100M to general revenue since its inception and over 41 percent of the state's share has been contributed since the start of the new master services agreement in 2010. The Texas.Gov 2011 awareness campaign yielded a greater than 18 percent increase in transactions for targeted services. The Tex-AN NG program has achieved a major milestone with the conclusion of the procurement process in December. All 10 vendors were selected to provide the various telecommunications services in a multi-vendor environment. The average administrative fee, for ICT contracts, continues to decrease. A new vendor management system will be implemented for IT staffing services. Ms. Robinson highlighted the implementation of an enterprise contract management system built using the Salesforce infrastructure. On the legislative side, the bills, some riders, and several of the appropriate Sunset recommendations have been implemented from last Session. After DIR new employee introductions, Ms. Robinson announced that Ed Swedberg had tendered his resignation, effective March 1.

IV. Audit and Finance Update

Ms. Martinez updated the board on the audit and finance subcommittee and discussed the new audit tracking system. Mr. Andy Dimas, Director of Internal Audit, is tracking the sunset implementation bills. Ms. Rebecca Martinez gave an overview of the security assessment. Mr. Moore added that the subcommittee continues to be very interested in management's response and wants management to provide adequate responses to Andy. If the responses are not completed by due date, please provide a new date of when the response will be complete.

Mr. Nick Villalpando, Chief Financial Officer, provided a finance update. He highlighted some of the budget assumptions: the Board approved operating budget back in August; 99 percent of DIR's funding comes directly from cost recovery fees; the Board approved for DIR to operate at a loss at 3.6 million for this year's operating budget in order to utilize existing fund balances. The agency has strict limits on appropriations authority in terms of the amount of funding that can be used and will require DIR to obtain LBB approval to expend funds in excess of appropriated amounts. He noted that our annual operating expenses have decreased by 6.6 million (17 percent) and reviewed variances. Finance continues to move forward with CAPPs, adding a new look to fee setting/cost recovery models, and planning for the Legislative Appropriations Request FY 14/15. Mr. Villalpando explained that a budget/fee setting workshop is being planned for board members. Ms. Rohm asked why there was such a big variance in the forecasted year-end operating results. Mr. Villalpando explained that the primary driver was losing the administrative fees for the projects that we had in our budget, causing the revenue to be negatively impacted. Ms. Martinez added that the solution was to transfer those projects back to the agencies. This will be presented at the May board meeting or in a May-June workshop so the FY 2013 budget can be finalized.

V. Rules Action Items

Mr. Zelinsky began this portion of the meeting with a short discussion about Senate Bill 1, which requires the Board adopt a rule to approve contracts for DIR. Mary Cheryl Dorwart, Director of Enterprise Contracts, joined him. The Rules Subcommittee made one change to clarify that in an emergency situation or to avoid an undue material cost, the Executive Director could notify the Board Chairman in advance and maintain her delegated authority, then she would notify the Board at the next board meeting. Ms. Dorwart explained that in order to implement this rule, additional reporting will be required. A template was also provided for approving contracts and amendments over the \$1 million threshold. Mr. Moore explained that it was not the Board's intention to inhibit DIR's ability to change its mind about some of the items in the lower amount category. Mr. Zelinsky explained that it is a living document and will shift throughout the year.

This rule will likely require additional board meetings through the year. We have already identified two contracts over \$1 million. Both will require execution in the March-early April timeframe. Mr. Bacarisse asked if the Open Meetings Act allowed for telephonic meetings. Mr. Zelinsky explained that although videoconferencing is a limited option, the Open Meetings Act requires a quorum to be in one physical location. [CORRECTION: The Open Meetings Act requires a majority of the quorum to be in one physical location.] Our quorum is 6 members, including ex-officios. Mr. Moore asked how the UT Board of Regents is able to work around this. Mr. Zelinsky explained that there are specific exemptions, and they are specific to the agency and/or institution of higher education. DIR does not have an exemption by statute.

Mr. Zelinsky asked the Board to:

- a) Consider issuing order adopting the amendment of 1 Texas Administrative Code, Chapter 201, *General Administration*, and authorizing publication of the adoption of the amended rules in the *Texas Register*.
- b) Consider issuing order adopting the amendment of 1 Texas Administrative Code, Chapter 206, *State Web Sites*, and authorizing publication of the adoption of the amended rules in the *Texas Register*.

Mr. Morrow made the motion to authorize actions as requested. Mr. Baez seconded. Motion carried unanimously.

Mr. Zelinsky asked the Board to:

- c) Consider proposing the amendment of 1 Texas Administrative Code, Chapter 202, *Information Security Standards*, and consider authorizing publication of the proposed changes in the *Texas Register* for public comment.
- d) Consider publishing notice in the *Texas Register* of the rule review of 1 Texas Administrative Code, Chapter 207, *Telecommunications Services Division*, pursuant to Section 2001.039, Texas Government Code.

Mr. Morrow made the motion to authorize actions as requested. Ms. Rohm seconded. Motion carried unanimously.

VI. Texas.Gov Action Items

Todd Kimbriel asked the Board to:

- e) Consider approval of new business models and related-fee structures for:
 - i. TxNet Optional Services Fees
 - ii. GovDelivery Fees
- f) Consider approval of new fees for:
 - i. Texas Department of Public Safety: Capital Access Pass

Mr. Moore made the motion to authorize actions as requested. Mr. Baez seconded. Motion carried unanimously.

VII. Statewide Technology Services Update

Mr. Carl Marsh announced that the Customer Advisory Committee will hold its first meeting in March. He also explained his organization standpoint: by April, different silos will be collapsing into one customer experience.

a) Data Center Services

Ed Swedberg, Deputy Executive Director, gave a final update on the reprocurement initiative. A Multisourcing Services Integration contract was signed with Capgemini. A Service Component contract for server, mainframe, network, and data center services was signed with ACS State

and Local Solutions. A Service Component contract for bulk print and mail services was signed with Xerox Corporation. Our customer satisfaction survey results continue to be disappointing. On a positive note, agency IT directors are feeling better about how well DIR is communicating with them. Mr. Swedberg presented the two DCS operations metrics. The electrical upgrade at the Austin Data Center was completed successfully. Todd Kimbriel, Director of e-Government, gave a depiction of the Transition PMO structure. He explained the four different work streams of responsibility in the PMO. Salesforce is being used to track the deliverables. The purpose of the PMO is to establish DIR as a single point of accountability. Two customer meetings have been conducted. Both events were quite successful. Mr. Moore asked Mr. Kimbriel if networking monitoring tools would be in place for the new vendors. Mr. Kimbriel provided detail, and Mr. Marsh explained that the LAN would be rebuilt. Mr. Morrow gave an update on the DCS Board Subcommittee.

b) Texas.Gov

Mr. Baez gave an update on the Texas.Gov Board Subcommittee. Todd Kimbriel gave a summary of key strategies for 2012 and marketing campaign highlights for Texas.Gov. He also gave an update on eFiling. Mr. Bacarisse inquired about Harris County's eFiling needs. Mr. Kimbriel explained that the fax service was working well. He also discussed that the Office of Court Administration is issuing an RFO for replacement of the eFiling application on Texas.Gov. OCA is requesting a 12 to 18 month extension of eFiling. Mr. Kimbriel reviewed key performance indicators for Texas.Gov.

c) Communications Technology Services

Mr. Moore gave an update on the Board Subcommittee. Mr. John Hoffman gave an update on the Communications Technology Services program. Mr. Hoffman announced that the CTS and Enterprise Contracts teams have completed final contract awards commensurate with the goals of the TEX-AN Next Generation RFO. Ten contracts were awarded. This onboarding effort will be completed at the end of February. One of the services awarded with the TexAN NG contracts is Voice over IP or VoIP. Mr. Hoffman explained that the Strategic Client Solution (SCS) team has been established to work with our customers and strengthens the key CTS strategies of providing technical leadership, solutions and value-added support to our customers. The SCS team will have face-to-face interaction with customers to learn more about their challenges and will represent the TexAN NG technologies and solutions available.

d) Information and Communications Technology (ICT) Cooperative Contracts Program Update

Mr. Dan Contreras gave an update on the ICT Program. Four wireless contracts were moved from ICT to the CTS group. Actual sales are trending below projections. State agencies are responsible for 33% of sales. Mr. Contreras also reviewed procurements in progress and new product initiatives for FY 12. He noted that as Ms. Robinson pointed out, our administrative fee is at an all-time low of 0.41 percent.

VIII. Enterprise Contracts

Ms. Mary Cheryl Dorwart updated the Board on the Enterprise Contracts program. She reviewed the contract management framework that has been implemented, particularly items that were pointed out by the Sunset Advisory Commission. Ms. Dorwart discussed the exciting enterprise contract management infrastructure, as Mr. Kimbriel mentioned earlier, that has been built on Salesforce.

IX. Legislative Update

Ms. Lori Person updated the Board on legislative activities. She also told the Board that the Sunset review of DIR would take place from August through November. The public hearing for DIR is scheduled for December 18-19, and board members may want to attend. On January 9, 2013, the Sunset Commission will vote on staff recommendations for DIR. Ms. Person updated the Board on the progress made on the Business Operations Action Plan. We are continuing to send out legislative updates and fiscal year highlights. She also noted that Ms. Robinson is tweeting on various technical interests, new programs and DIR events.

X. Information Security

Mr. Angel Cruz gave an overview on information security activities. He explained the Office of the State CISO's key capabilities: cybersecurity operations, security governance, and cost-effective architecture. Mr. Cruz also presented a snapshot of ongoing state agency security assessments. He gave an overview on the State Information Security Advisory Committee (SISAC). Mr. Cruz briefly discussed a statewide public survey that would be conducted for baselining the state of cyber infrastructure and education in Texas. Mr. Morrow asked Mr. Cruz if in his incident response plan, would the Board or Board chair be called out for any formal notification if something were to happen. Mr. Cruz explained that there are certain things that have to go to Boards and Commissions. Mr. Bacarisse confirmed that Mr. Cruz would put some protocols in place and strengthen what might be there now.

XI. Public Testimony

There was no public testimony.

XII. Adjournment

Ramon Baez made the motion to adjourn. Richard Moore seconded the motion. Motion carried unanimously. Chairman Bacarisse adjourned the meeting at 12:50 p.m.